Choosing the Right Property Valuation

Plain English Guide

The Australian Property Institute (API) is the professional body for property valuers in Australia. This guide explains the different types of property valuation service provided by API valuers, what each one involves, and how to choose the right service for your needs. It reflects the API Rules of Professional Conduct (Rules), effective 1 August 2025, and the International Valuation Standards (IVS) 2025 edition. It is general information, not advice.

Why this guide exists

Valuations are a big topic, especially with the 2027 CGT changes (including changes affecting trusts), where credible and defensible valuation reports are so important.

Many products are described as 'valuations', but not all of them are the same or serve the same purpose. They differ in whether anyone inspected the property, how much research went into the figure, what you receive at the end, and whether you can rely on it for a serious decision.

This guide explains the main types of valuation product available and the differences between them. It will help you work out which one is appropriate for your needs and what you can expect from your valuer.

A word of caution about the label

'Valuation' is not a protected term in Australia. Anyone can describe what they sell as a valuation, and many providers outside the API do. What matters is not what the product is called, but what was actually done: whether a qualified valuer personally attended and inspected the property, what enquiries were made, and whether the person behind the figure is independent, insured and accountable to a professional body. A product sold to you as a valuation that involved no inspection is a desktop report, regardless of what the product was called.

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Terms that are often confused

A valuation report by a valuer

A valuation is a qualified valuer's opinion of what a property is worth, or what it would rent for, on a particular date. The valuer who signs the report must personally attend and physically inspect the property, then make all the enquiries, investigations and analysis needed to support that opinion. Valuation reports are prepared under the API Rules by valuers who are independent, insured and professionally accountable. They are impartial and properly researched, and they can be relied on for the purpose stated in the report by the people the report identifies.

An appraisal by a real estate agent

An appraisal is a real estate agent's estimate of what a property might sell for. It is a marketing opinion, often prepared to secure a listing or set an asking price. The agent is working for one side of the transaction, usually the seller, is not required to be independent, and does not follow valuation standards in preparing it. An appraisal cannot be relied on for tax, legal or financial decisions.

An automated estimate by a computer

An automated valuation model (AVM) uses property data and statistical modelling to generate an estimated property price without a valuer inspecting or assessing the property. AI tools, including chatbots and apps that offer property price estimates, are in the same category as AVMs.

These tools produce a figure with no valuer involved and nobody professionally accountable for it. Automated estimates may be useful for getting a general indication of value or tracking a property portfolio, but they are not a professional opinion of value. The ATO's own guidance on market valuations puts it plainly: a valuation prepared by a professional valuer carries more credibility than one prepared by someone who is not.

Types of valuation reports provided by valuers

Professional valuers offer different types of valuation service, based on the level of inspection, investigation and reporting required.

Generally, as the level of inspection and investigation reduces, the level of uncertainty around the assessed value increases. In plain terms, the less the valuer was able to check, the further the figure may sit from what the property would actually sell for. This is not a comment on how well any individual valuation is done. It reflects how much the valuer was permitted to look at. The appropriate level of service will depend on why the valuation service is needed and how the report will be used.

Table on Page 5 explains the four types of valuation reports available.

Desktop reports are sold under many names, including hybrid AVMs, valuer-assisted AVMs, indicative assessments and remote valuations. If a qualified valuer genuinely prepares the report, it is a desktop report and these rules apply to it.

A note on residential lending products

Banks and lenders use standardised residential products: the Property PRO report, a short-form valuation on a template created and overseen by the API, where the valuer inspects the property inside and out but both the enquiries they make and the detail they report back are deliberately limited to what the lender needs; the Restricted Assessment, a kerbside inspection providing limited assurance, expressed as an indicative value range; and the Residential Desktop Assessment, with no inspection, providing an indicative figure. These products exist so lenders can manage their own lending risk quickly and at an appropriate cost. They are designed for the lender's purpose. A report prepared for your bank is not suitable for your tax, legal or family matters. The type of product, not the fact that a valuer prepared it, determines what it can be used for.

Price estimates that do not involve a valuer

Property price estimates are also available from real estate agents, automated valuation models and other online tools. These can provide a useful indication of what a property may be worth, but they are not independent professional valuations prepared by a valuer.

An appraisal or automated estimate may be suitable where you only need a general indication of price. It should not be relied on where the purpose requires an independent professional valuation, or where the figure is likely to be scrutinised by someone else, such as the ATO or a court, which will expect a credible and defensible independent valuation report.

Table on Page 6 explains the two types of valuation reports that do not involve a valuer.

Choosing the right product for your purpose

- Choosing the right product depends on why you need the value, who will rely on it and whether it may later be questioned or reviewed. It is important to get it right. If the figure will be tested by someone else, such as the ATO through an audit or otherwise, a court, a lawyer, a co-owner or a beneficiary, the API strongly recommends a comprehensive inspection valuation report (number 1 in the table on page 5).
- If the valuation report is to facilitate a transaction between related parties, such as family members or a family trust and its beneficiaries, independence is the safeguard, a valuation report by a valuer is an appropriate product.
- If you need a professional opinion on a property's value and a reduced scope of investigation is acceptable, a report of type 2, 3 or 4 may be appropriate, provided you read the stated limitations and they suit your purpose.
- If you only need a general indication of price, and the figure will not be scrutinised by anyone else, an agent's appraisal or an automated estimate may be enough.

Importantly, a valuation report is prepared for an agreed purpose and for the people or organisations identified in the report. A report prepared for one purpose should not be relied on for another without the valuer's agreement. For example, a valuation prepared for mortgage security may not be suitable for a family law matter or for tax purposes.

When engaging a valuer, explain why you need the valuation so they can recommend the appropriate service and prepare the report for its intended purpose.

Timing also matters

Valuation reports are prepared as at a specified date and are not forward looking. The inspection date and the valuation date should ideally be the same. A valuation report prepared at or as close as possible to the relevant date, for instance the 2027 CGT changes, is the strongest evidence of value.

A retrospective valuation can be prepared for an earlier date. However, as more time passes, the information available may become more limited, increasing value uncertainty and the potential for the report to be disputed.

Independence, and why it matters

An independent valuer has no financial interest in the property or in any transaction concerning it, does not act as the owner's selling or managing agent, and charges a fee that does not depend on the opinion of value in the valuation report.

Independence is what allows everyone involved, including you, a buyer, a lender, the ATO, state revenue office or a court, to rely on the same opinion of value. An estimate prepared by someone with a financial interest in the property or transaction, however honestly given, is not independent.

The ATO expects the same thing. Its guidance on market valuations asks you, when you instruct a valuer, to set out the scope and purpose of the valuation, acknowledge that the valuer draws their own conclusions and writes their own report, give them the access to the property and the records they need, and confirm that their fee does not depend on the figure they arrive at.

What to ask before you rely on a figure

- Will the property be physically inspected by an independent professional valuer?
- Is the valuer independent? They should have no financial interest in the property or transaction, and their fee should not depend on the value they determine.
- Is the product suitable for the reason you need a valuation, and does the report say so?
- Will the report stand up if someone else examines it? If it may be scrutinised, check that it sets out enough investigation, evidence, analysis and reasoning to support the opinion of value.

What stands behind a valuation report

API Certified Practising Valuers are bound by the API Rules of Professional Conduct and the concepts of the International Valuation Standards. They must undertake continuing professional development, hold professional indemnity insurance, and are answerable to a disciplinary process.

Under the API Rules, a valuation requires a personal physical inspection of the asset by the valuer. A desktop report, prepared without an inspection, can only produce an indicative value, and the Rules state that it is not an IVS compliant valuation. Where a valuation report is limited in scope, the API Rules require those limitations, and the impact on the value, to be disclosed in the report.

There is a practical benefit in all of this. Under the ATO's guidance, a taxpayer who engages a professional valuer and instructs them properly will generally not face penalties if the ATO later finds the valuation deficient. An automated estimate offers no such protection.

This guide is general information for the community. It summarises, and does not replace, the API Rules and valuation standards. This document is not legal, tax or financial advice. For advice about your situation, speak to a qualified valuer or your professional adviser. To find an API Certified Practising Valuer near you, visit api.org.au.

What kind of property valuation are you getting?

Not everything sold as a valuation is one. What matters is how much of your property the valuer was actually allowed to see.

A VALUER PREPARES THESE PRODUCTS

1 The valuer goes through the whole property

COMPREHENSIVE INSPECTION VALUATION REPORT

- They walk through the whole place, inside and out, and check everything that changes the price.
- You get a full report that shows how they arrived at the number.
- Of the four, this number is the most solid.

Choose this if anyone else will question the number: tax, court, family law, or transferring a property

Your bank's version is the **PropertyPRO short form.** The valuer still comes inside, but checks fewer things and only tells the bank what it needs.

2 The valuer visits, but only sees part of it

RESTRICTED ON-SITE INSPECTION VALUATION REPORT

- They come to the property, but you agree up front what they will skip.
- You still get a proper valuation report. It says in writing what they did not see.
- Because they saw less, the number is less certain.

Choose this if a shorter look is enough for what you need

WHY WOULD ANYONE PICK THIS?

Sometimes a full walk through is not possible. A childcare centre cannot have a stranger going through the rooms while the children are there. A tenanted home, a hospital ward or a secure workplace can raise the same problem.

3 The valuer only looks from the street

KERBSIDE INSPECTION VALUATION REPORT

- They stand out the front and look. They do not come inside, or even onto your land.
- You still get a proper valuation report. It says in writing that they only saw the outside.
- Judging a home from the footpath always makes the number less certain.

Choose this only if nobody needs to see inside

Your bank's version is the **Restricted Assessment**. It gives a price range, not one number, and the bank is not allowed to give you a copy.

4 The valuer never sees the property at all

DESKTOP REPORT | **NOT A VALUATION**

- No visit. Not inside, not outside, not even from the street.
- They work only from information handed to them, so you get a rough figure.
- The API rules say this is not a valuation. Of the four, this number is the least reliable.

Choose this only if a rough figure will do and nobody can visit

Your bank's version is the Residential Desktop Assessment. The bank is not allowed to give you a copy.

A desktop report is sold under a lot of other names, including indicative assessment, remote valuation, virtual inspection, hybrid valuation, hybrid AVM and valuer assisted AVM. If no valuer visited your property, it belongs in row 4, whatever it was called.

Did your bank order it? Then it was made for the bank

When you apply for a home loan, the bank orders one of its own three set reports. They are quick and cheap, because that is what the bank needs to decide whether to lend you the money.

These reports are written for your bank, not for you. You cannot use one for tax, a court case, a family law matter or your accounts, and with two of the three the bank is not allowed to hand you a copy. If you need a number for your own reasons, ask a valuer for your own report.

What kind of property valuation are you getting? Continued

NO VALUER INVOLVED

A An agent's appraisal

- A real estate agent's guess at the selling price, often given to win your listing.
- The agent is on one side of the sale, so it is not independent.

Does not count as valuation advice

B An online estimate

AVM, OR THE PRICE SHOWN ON A PROPERTY WEBSITE OR APP

- A computer works out the figure. No valuer ever looked at your property.
- Nobody is answerable for the number.

Does not count as valuation advice

Three questions to ask before you rely on a number

1. Is a valuer coming to the property, and how much of it will they actually see?
2. Is the valuer independent? They should have no stake in the property, and their fee should not depend on the number they come up with.
3. Can I use this report for the thing I actually need it for? Ask them to say so in writing.

Sources: API Rules of Professional Conduct (effective 1 August 2025), Rules 11 and 12. API Standards Series No. 1 (16 November 2023), No. 3 (25 November 2024), No. 4 (3 November 2025) and No. 6 (27 October 2025). API PropertyPRO Supporting Memorandum and Valuation Protocol on the correct use of PropertyPRO reports. API Restricted Assessment Supporting Memorandum, clause 9.4. API Residential Desktop Assessment Supporting Memorandum, clause 1.4. International Valuation Standards, 2025 edition.

This is general information only. It is a summary, not a replacement for the API rules and valuation standards, and it is not legal, tax or financial advice. To find an API Certified Practising Valuer near you, visit api.org.au